



LONGMONT HOUSING & COMMUNITY INVESTMENT

A Division of Community Services

CDBG-DR DUPLICATION OF BENEFITS

*For residents affected by the September
2013 flood*

Policies and Procedures

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Authority

The City of Longmont has been allocated Community Development Block Grant Disaster Recovery (CDBG-DR) funds from the State of Colorado. The CDBG-DR funds have been appropriated by the Disaster Relief Appropriations Act, 2013 (Pub. L. 113-2). CDBG-DR funds are for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas resulting from a major disaster declared pursuant to the Robert T. Stafford Act of 1974.

Section 312 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act (42 U.S.C. 5155) prohibits any person, business concern, or other entity from receiving financial assistance with respect to any part of a loss resulting from a major disaster for which he or she has received financial assistance under any other program or from insurance or any other source. In accordance with the Stafford Act, CDBG DR funds issued through the City of Longmont Housing and Community Investment Division may not be used for any costs for which other disaster recovery assistance was previously provided for the same purpose.

The Stafford Act directs administrators of Federal assistance to ensure that no person, business, or other entity will receive duplicative assistance and imposes liability to the extent such assistance duplicates benefits available to the person for the same purpose from another source. The amount of the duplication is the amount of assistance provided in excess of need. The City's Duplication of Benefit (DOB) policy adheres to the guidelines published in the Federal Register/Vol.76, No. 221/Wednesday, November 16, 2011.

Purpose

Each CDBG-DR program administered by the City of Longmont is subject to the Duplication of Benefit policy. Each CDBG-DR program will have operational procedures which contain detailed provisions identifying the documents to be provided by applicants for assistance, as well as the procedures for how these documents will be verified.

The first step of the DOB calculation for each program is to determine the amount of funds previously received or made available to assist with disaster needs related to the September 2013 flood. During the intake/application process, persons, business concerns and other entities receiving City financial assistance will be required to disclose all sources of disaster recovery assistance received and/or anticipated to receive due to the flood impacts. The City will verify the amount received by reviewing source documents and contacting 3rd parties when required by HUD.

DOB Process

For each CDBG-DR program established in the Action Plan, the City will provide forms and procedures addressing DOB. Each procedure will require the City to:

1. Determine the total need of assistance for the eligible activity
2. Identify all potentially duplicative assistance
3. Identify assistance determined not to be duplicative for the activity
 - Funds used for a different, eligible purpose
 - Funds not available to the applicant, e.g., forced mortgage payoff, contractor fraud, etc.
 - Funds from a private loan not guaranteed by SBA, forgivable loans are duplicative
 - Any other asset or line of credit available to the applicant, e.g. checking or savings accounts, stocks, etc.
4. Perform a calculation to determine the total funds available from other sources for the activity.
 - Calculated by subtracting the total assistance received from the total funds needed to complete the activity.
5. Perform a calculation determining the maximum eligible award.
 - Calculated by subtracting the assistance from other sources (duplicative assistance) from the total need for assistance.
6. Require all applicants to sign an agreement to repay any assistance provided using CDBG-DR funds when/if other funds were later received for the same purpose as the CDBG-DR funds. The City of Longmont, Housing and Community Investment Division will monitor compliance with the agreement for one year, by contacting the various agencies as noted above/and or listed in the original DOB calculation.
7. Recapture funds if necessary. If additional need is established, subsequent funds would not be considered a duplication of benefits (76 FR 221, 71062). If additional need is not demonstrated, disaster recovery funds must be recaptured to the extent they are in excess of the need and duplicate other assistance received by the beneficiary for the same purpose. If CDBG-DR funds or non-Federal funds were provided last and unknowingly create duplication, the method of recapturing the CDBG-DR funds the City provided will be consistent with OMB Circular A-87. Time frames will include an annual review of DOB as noted above and the City's normal collection policies.

The following represents the basic framework that will be utilized for DOB verification in all CDBG-DR programs.

Basic framework:

- | | |
|-------------------------------------|-----------|
| 1. Determine Applicant's Total Need | \$100,000 |
|-------------------------------------|-----------|

Add date and version

2. Identify and verify all assistance received (ex. \$50,000 received from insurance but \$20,000 was for personal property)	\$50,000
3. Deduct assistance determined to be a duplicative purpose as CDBG-DR	\$30,000
4. Maximum eligible award (item 1 less item 3)	\$70,000
5. Program cap (if applicable)	\$50,000
6. Final award (lesser of items 4 and 5)	\$50,000

The City will use a Duplication of Benefit Review Worksheet, applicable to the type of assistance being provided (Housing, Infrastructure or Economic Development) to ensure compliance with DOB requirements. The City will review the DOB worksheet with the applicant. The applicant will sign and date the worksheet at that meeting.

All documentation of DOB and monitoring of such will be stored in a hard file at the City of Longmont and in the electronic data base for the applicable program.

SBA Hardship Determination

If the homeowner applied for and was offered an SBA loan but declined all or part of the loan, the amount of the loan declined may be considered a duplication of benefits. There may be an exception if the Homeowner has a hardship that would make it difficult or impossible to repay the full SBA loan. The Homeowner must document the reason they declined the loan on the City of Longmont's Homeowner SBA Hardship Documentation form. The City, on a case by case basis will make a determination whether the household qualifies for a Hardship determination.

Demonstrable Hardship

Demonstrable hardship is defined using its two component words:

- Demonstrable-proved or shown, by objective evidence (not subjective feelings).
- Hardship-an economic impact which is burdensome or very difficult to bear, causing economic distress well beyond mere inconvenience.
Hardship – the intended loan could not be used for the required purpose.
A demonstrable hardship is a substantial change in an owner's financial situation that will prohibit or severely affect their ability to provide a minimal standard of living or the basic necessities of life including food, housing, clothing and transportation without causing economic distress well beyond mere inconvenience as shown by objective evidence. A demonstrable hardship must be occurring after the 2013 flood event. The term is not necessarily a definable term of fixed and inflexible content or meaning.
- The demonstrable hardship must be of a severe, involuntary and unexpected nature. It must not be one that is generally shared by other property owners affected by the 2013 flood event or within the disaster area. Examples of a demonstrable hardships may include job loss, failure of a business, divorce, severe medical illness, injury, death of a family member or spouse, unexpected and extraordinary medical bills, disability, substantial income reduction, unusual and excessive amount of debt due to a natural

disaster, cost burdened by paying over 30% of income for housing costs with the addition of an SBA loan payment, etc. None of the listed examples above, individually or taken together, automatically establish a demonstrable hardship nor is the listing above exhaustive as there may be other factors relevant to the issue of demonstrable hardship in a particular case.

The existence of a demonstrable hardship will be evaluated on a case-by- case basis after review of all of the circumstances. Whether there is a demonstrable hardship heavily depends upon the facts and circumstances.

Persons claiming a Demonstrable Hardship shall be required to provide evidence of such claimed Demonstrable Hardship to the City of Longmont, for a decision. A written decision shall be made including the reasons therefor and returned to the person claiming the Demonstrable Hardship.

Grievance and Appeals

The staff of the City of Longmont Housing and Community Investment division will make every effort to resolve any problem which arises as a result of the assistance provided by the Program. To resolve problems in the most efficient manner possible, the following procedures will apply:

- A. All complaints or grievances must be submitted in writing.
- B. Complaints or grievances must be submitted within 15 days of the disputed action.
- C. Complaints or appeals must first be directed to the attention of the City of Longmont Housing and Community Investment Programs Coordinator
- D. The Housing and Community Investment Programs Coordinator will respond in writing within 15 days of receiving the complaint or appeal.
- E. If the response provided is not acceptable, the complaint or appeal may be submitted in writing for the next meeting of the Longmont Housing and Human Services Advisory Board.
- F. If the response provided by the Advisory Board is not acceptable, the applicant may seek other remedies available under the law.